

**Note to readers: Brownells CEO Pete Brownell supplied written answers to questions from Des Moines Register reporter Donnelle Eller. His unedited responses are below:**

**Q1: I'd like to know what's driving growth – Brownells is outpacing the industry's national growth, by my take: industry jobs grew 31 percent, but Brownells is slated to grow add 162 jobs, an 80 percent increase. (200 more anticipated would push job growth to 175 percent); those are just full-time positions. What markets/products have performed well? Is Brownells offering products/services that are pushing growth beyond industry standards?**

Both the IEDA and RISE programs are part of our long-term growth plans and discussions that began more than two years ago. The 162 new jobs number came from the RISE Grant application submitted by the City of Grinnell to the Iowa DOT. That grant is between the City of Grinnell and the Iowa DOT which projected 162 new jobs during the window of the RISE grant. The window began June 2012 and will end June 30, 2016 (three years after the opening of the road to the public on June 30, 2013). The RISE Grant defines new jobs differently than the IEDA grant. The City of Grinnell was awarded this RISE grant by the state to support the successful development of the I-80 & Hwy 146 corridor which has been the number one priority of the Grinnell City Council for the past 10 years. Brownells is the first to participate in this commercial area and will become its anchor employer. We have committed to funding 1/3 of the road within this development as well.

The IEDA program was awarded to Brownells based on two primary factors: 1) Brownells invests a minimum \$10 million for building and 2) provides 41 high quality jobs under the Iowa HQJP (High Quality Jobs Program). Currently, Brownells has plans to invest approximately \$16 million for the warehouse expansion and is on track to exceed our commitment of 41 high quality jobs. In addition, Brownells has plans to open a retail store onsite and plans to expand the 200,000 square foot warehouse to 500,000 square feet in the future.

The IEDA program does not provide direct funding to our project but instead extends the local property tax abatement from 5 years to 20 years. This expansion will strengthen our 74 year presence in Poweshiek County and solidify Iowa as our headquarters after considering other out-of-state locations. The Grinnell site provides access and exposure off of Interstate 80 with close proximity to our main facilities in Montezuma.

The acquisitions we've made and the growth in the marketplace outgrew the size of our current warehouse space and the size of the local labor pool. We found the City of Grinnell to be the best fit in supporting our strategic growth plan.

Additional company growth is due to Brownells expansion into three new product categories long requested by customers: optics, ammunition and reloading.

**Q2: It appears that the recession had no impact on national sales; did you have the same experience? That seems counterintuitive; can you explain?**

Historically, during a recession, consumers turn to their hobbies as an affordable outlet. This has been true since my grandfather's time in the business. We see hunters and competition shooters spend their limited disposable income on these hobbies instead of larger consumer purchases. As another type of example, we see law enforcement increase purchasing to maintain firearms versus buying new ones in an economic downturn.

**Q3: I know the company is privately held, but would you be willing to provide any details on growth beyond jobs: revenue? Number of customers? Growth in products offered?**

We are a third-generation family-owned, Iowa-based company providing gunsmithing tools, supplies, accessories, optics, reloading and ammunition for firearms to law enforcement and the military, hunters, collectors, those involved in competition shooting and those interested in self-protection and home protection. We have deep roots in Poweshiek County and in Iowa. Aligned with our quality workforce and strategic business plan, we are looking forward to expanding into Grinnell. As a privately held company, we don't release figures. Our commitment is to fully comply with the IEDA and RISE programs.

**Q4: Could you explain how President Obama's gun control initiatives could affect your business? Would it impact your expansion plans? Would you be willing to give us your thoughts on the plan, in general?**

Our discussions with the City of Grinnell began over 24 months ago. We have a diversified business model and have been in need of more space for several years.

**Q5: How active will you become in the NRA's advocacy on gun control?**

I am one of several industry representatives serving on the NRA board and we strongly support the 2<sup>nd</sup> Amendment. The NSSF, NRA and the industry as a whole are working towards a safer America.

**Q6: Would you talk about deciding to become a leader in the family business? What prompted your return?**

Like many others who come from families that own a company, I was encouraged to gain a strong business education and to gain professional experience elsewhere, working outside the company. In fact, my dad required I spend at least 3 years working away from the family business before I applied to join it. I worked for several big corporations and conglomerate companies and frankly saw a need for companies to better value their people, to support their development towards self-actualization. Brownells offered me the opportunity to put this vision into place. I also believe companies have a corporate responsibility to develop not only technical skills, but life skills for their employees and also to support their local communities. Ultimately, it's each of our jobs and responsibility to leave this world a better place.

On a personal note, I was raised in a family that was always involved in the outdoors. I enjoy hunting, shooting, biking, skiing, fishing, and the constant activities of our family when I was growing up and today. Joining our family business in a sport area I love, it was natural to want to become involved.

**Q7: What changes at the company have you made since becoming president, then CEO? Was the Big Springs Range and Linden House among your initiatives or has it been part of the company for awhile? The state transportation application mentions company concerns about access to labor. Brownells isn't alone in expressing that concern: could you describe some of the advantages/challenges to being a fast-growing company in a small town?**

One of my first key strategic initiatives included building a business for today's customers -- an e-commerce website where consumers can both shop and learn while also ensuring we confirm and track all information, given the government regulations we must comply with.

The website allows our customers to search over 83,000 products at their convenience. I also wanted the website to serve as an educational resource for customers. So, we have created videos to inform customers of a product's features and benefits, a series of Do-It-Yourself upgrade projects and other how-to videos such as safety, maintenance and cleaning.

Another key initiative is providing a workplace that develops our employees and supports the local community. Long-term, I believe that all companies should provide an excellent work culture for employees and give back to the communities in which they belong.

Building the Big Springs shooting complex allows our employees and members of the community a safe experience for training and education with firearms. We currently host many groups including the Iowa State Patrol, local and county police and youth organizations such as 4H, Boy Scouts of America and the Scholastic Clay Target Program (SCTP) for junior and high school students. In addition, we host the North American Versatile Hunting Dog Association events, and this year, we are hosting a National Muzzle Loading Rifle Association event. I'm also proud that we've been able turn over 800 acres back into a native habitat for upland game.

Giving back to the local community has been a value in the Brownell family starting with my grandpa, Bob Brownell. He led the development of Diamond Lake, which serves as the city's water reservoir. From the Diamond Lake watershed project in Montezuma to converting over 800 acres of land to become a natural habitat for upland game, to funding the statewide biologist program for upland game support, water conservation and water quality improvements are among the ways we've been able to make a positive environmental impact.

My dad, Frank, built the new Montezuma City Library, and quietly supports a number of projects for the benefit of the community. He has served on the Montezuma City Council since 1965. I have that desire, too, to continue that tradition of strengthening the Iowa communities in which Brownells facilities are located.

By the way, the largest conservation fund America has is through the Pittman-Robertson Act. This funds significant efforts from the state Department of Natural Resources and acquisition of land to incentives of land owners to be better conservationists. It is completely funded by the firearms industry/manufacturers through significant taxation on complete firearms and ammunition.

**Q8: I see photos of you out talking regularly with consumers; who are your customers? Are they hunters? Competitors? Collectors? Folks who like to shoot at the range?**

Brownells serves a variety of individuals and groups including law enforcement agencies and the military, hunters, collectors, those involved in gunsmithing, competition shooting, reloading and those interested in self-protection and home protection.

**Q9: It looks to me like a lot of what the NRA and other firearms groups do surrounds gun safety; can you talk about some of your company's outreach programs, its interest in conservation (looks like you're a member of Pheasants Forever)?**

See the answer in Question 7/Paragraphs 2 and 3.

**Q10: What was your first gun? Do you get to spend much time at the range, hunting or other sporting activities?**

I have been a hunter throughout much of my life. After many years of range safety lessons and participating in a hunter education course, my dad gave me a 20 gauge shotgun for pheasant hunting at the age of 14. Like many others in a family-owned business, we didn't get out to the range or hunting as often as we'd like, but it's gratifying to see many others do spend enjoyable time at our range.

**Q11. Online, Brownells describes the demand for *magazines* in December as equal to an average of 3.5 years: has that changed? Is demand greater now, since the president's recommendations or has it backed down at all? And is it only for magazines or do you see that demand for other products as well? Please describe.**

Like the entire industry, Brownells has seen an increase from all customer segments and product segments.

**Q 12. If Brownells is reluctant to provide a ballpark of revenue, etc, could Pete tell me where the company ranks nationally? I see some competitors out there; is Brownells No. 1, 2, etc?...**

Brownells is one of the few able to meet each state's regulations as well as federal and international requirements and in so doing has limited competition. As most companies are privately held in this industry, it is extremely difficult to accurately compare.

**Q13. Online, Brownells describes the rush of demand in December as equal to an average of 3.5 years of products: has that changed? Is demand greater now, since the president's recommendations or has it backed down at all? Please describe.**

Answered in Q 11.

**Q14. Several folks have mentioned that Brownells has some manufacturing, but struggle to provide many details: Would you describe the operations, Pete? What kinds of products are manufactured here? Are you making your own Brownells line of products or are other producers handling that? Are a large percentage of gun techs answering questions from customers, or is it mostly warehouse and distribution?**

Manufacturing: Brownells has invested in and owns intellectual property for firearm tools, maintenance equipment and some parts. We have a design and prototyping team for product development and innovation to meet our market demands.

**Q.16. At least one publication has reported Brownells, among other corporations, has donated between a \$1 million and \$4.9 million to the NRA since 2005? Is that an accurate description of Brownells' giving? If a correct amount, why provide that level of support? What's the return to the company, its workers and customers? That same article implies that the NRA represents industry interests and not that of gun owners. Do you see those interests as the same? Similar, perhaps, to the media's fight for First Amendment rights...**

Brownells has been an ardent supporter of safety training, education and awareness for responsible firearms use. Our donations exclusively support safety training and education for youth and youth programs and training for law enforcement officers. These donations have been made personally since 1991 by my father and me because the NRA has the best training for law enforcement and youth. The Brownells family has been supporting the NRA over the last 60 years.

Separately, our family foundation has provided funds to the University Iowa's School of Journalism, UI Center of the Book, Grinnell Regional Medical Center, Des Moines Metro Opera, School of the Ozarks and local educational scholarships as well as supporting the US Army's Command and General Staff College and our local churches.

**Q17. I asked about the impact of the President's recommendations on your business, but could you also address how big a piece of your business comes from the AR-15s, high-capacity ammunition magazines and other products that gun control advocates seek to ban?**

Brownells has a very diverse customer base and product base. Where law enforcement, military, government entities and NATO nations have a higher ratio of these products among their safety gear, the hunter, competitive shooter and home protection customer has a much lower number of these products.

**Q. 18. I read a profile of Brownells that indicated your grandfather started the company because of an illness that restricted his normal work and gunsmithing was something he could do to support his family. Is that accurate?**

Yes. My grandfather suffered from Mènière's syndrome brought on by allergic reactions to alcohol used to fill radiators in the full service filling station he owned in the 1930s. With a growing family, he needed to produce a steady income while recovering from the disabling effects of vertigo, nausea and shakes. He started repairing firearms and gunsmithing lying in bed. He also took training as a journalist and started writing for NRA publications and wrote an ad column called "The Jack Leg Journal" to promote the professionalization of the gunsmithing trade. Brownells was founded within months after my father was born. It was the very first complete parts and supply company in the firearms industry. As a journalist, craftsman and inventor, Brownells ability to reach gunsmiths across the world with an ever-more available product offering and dedication to personal service, set it on a path of great growth. We have only ever seen one year in our 74 year history with no growth. That was during WWII when paper was rationed, impacting Brownells ability to produce a catalog that year.

**Q19. Brownells could do business anywhere. Why Montezuma, Grinnell and Iowa?**

We have a dedication to Montezuma, Grinnell and to small town Iowa. The culture we have developed here is a reflection of Iowa values, honesty, integrity, and openness tied with a great work ethic that makes rural Iowa a great place to run a business. I spent time working for a large business that took me to Miami and San Francisco. I know what corporate life is in the big city. It was a great experience for a young person but I soon could see how easy it would be to get caught up in the rat race, corporate profits and decisions counter to personal development and community development. There was a small family business back in Iowa where I could make a positive difference to improve the communities we live in and improve the lives of the people we work with.

In our search for expansion, other states were considered and we came very close to selecting someplace other than Grinnell for our expansion. The decision between following the financial incentives and tax-friendly locations versus losing a great workforce became non-existent when the City of Grinnell and the State of Iowa stepped up eliminating most of the gap that made us consider relocating elsewhere.

**Q21. I know you've asked me to talk with the NRA about the president's recommendations, but would Pete consider this question: Do you agree with any parts of the president's recommendations, specifically the recommendation to ban assault rifles and limit the size of ammunition magazines?**

This is best addressed by the NSSF or NRA.

